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Dear Friend,

I want to draw your attention to the most recent iteration of Congress' attempt to set in motion a government regulation of health care. As you have probably heard, Speaker Pelosi unveiled the **1,990**-page health care overhaul late last week. [The Affordable Health Care Act for America](#) (H.R. 3962) is about **7.5** inches tall and literally weighs in at over **19** pounds. But there are some more numbers you may be interested in.

The unemployment rate is **9.8** percent [nationally](#) and **12.2** percent in [our state](#). Given this reality, the number **one** priority of Congress should be jobs. However, the House Leadership has decided it is more important to pass health care legislation with a vote expected as early as this Thursday. What would this health care legislation do to jobs, your income, and the overall economy?

According to the nonpartisan Congressional Budget Office (CBO), the **111** new [programs, boards, bureaucracies, and commissions](#) contained in H.R. 3962 would cost **\$1.055** trillion just through 2019. To pay for this enormous expansion of government, the bill includes a **2.5** percent tax on individuals who fail to purchase health insurance, a **2.5** percent excise tax on medical devices, a **5.4** percent surtax on high-income filers (over **50** percent of which are small businesses), and an **8** percent tax on employers who cannot afford to purchase government-approved health care benefits, affecting **42.3 million** workers. Most shockingly, these income thresholds are not indexed for inflation, meaning that as time goes on, more and more individuals and small businesses will become subject to these taxes – much like the [Alternative Minimum Tax](#). H.R. 3962 also **doubles** the penalty for non-qualified health savings account (HSA) withdrawals.

But even more tax hikes and benefit cuts are needed to make this bill deficit-neutral (as promised by the President). This is why the bill cuts more than **\$150 billion** from [Medicare Advantage](#), a program that provides private options for more than **42,000** seniors in California's Third Congressional District alone. It imposes a new tax of **\$2 billion** on insurance policies, which will be passed on to the consumer in the form of higher premiums. CBO estimates that Medicare Part B premiums will rise by **\$25 billion** and Part D premiums by **20** percent. Especially troubling to those of us in California, the bill imposes an unfunded mandate on states to pay for expansions of Medicaid – meaning that our state (which is already drowning in deficits) will be expected to pay for **10** percent of the bill's Medicaid provisions beginning in 2015.

The real kick in the pants (if you haven't felt it already) is the stand-alone Medicare Physician Payment Reform Act (H.R. 3961). The provisions of this legislation will cost **\$200 billion** and raise Medicare premiums by **\$70 billion** (according to a CBO score of similar Senate legislation). This legislation was not included in H.R. 3962 so that its cost (which there has been no attempt to pay for) would not be used to calculate the

final cost of H.R. 3962.

So what does all this mean for jobs? According to the National Federation of Independent Business (NFIB), this legislation could trigger the loss of up to **1.6 million** small business jobs. Using Council of Economic Advisors Chair Christina Romer's model, total job losses could reach **5.5 million**. This is on top of the **3.4 million** jobs already lost since January 2009. The House Leadership is working hard to come up with taxing-and-cutting proposals just so that the Congress can create a government-run public option which the Lewin Group projects will cause **114 million** individuals to lose their current coverage.

I don't know about you, but I don't think that the solution to our health care problem is to exacerbate our jobs problem. We – you and I – can do better than this by improving our health care delivery system without costing jobs or placing a crushing debt burden on future generations. For some of the ideas I support, please visit <http://healthcare.gop.gov>.

Sincerely,



Daniel E. Lungren
Member of Congress

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